

Proposed Resolution of the Alabama Trust Fund Board  
Considered at its meeting on August 20, 2015

Topic: Transition of Sterne Agee Portfolio

WHEREAS, Amendment 450 of the Alabama Constitution created the Alabama Trust Fund as an irrevocable, permanent trust fund under the management and control of the Board of Trustees ("Board"); and,

WHEREAS, the Board has authority to appoint, employ, and terminate investment managers as may in its judgment be necessary or desirable; and,

WHEREAS, the Board has previously voted to terminate Sterne Agee Asset Management and transition the assets under their control to another fixed income manager currently in a relationship with the Board; and,

WHEREAS, the Board has previously authorized Callan & Associates to request proposals from current managers Aberdeen Asset Management, Western Asset Management, and Regions Bank for the management of the assets; and,

WHEREAS, the Board has previously voted to delegate to the Investment Committee ("Committee") the authority to review the responses received by Callan & Associates and to select the most appropriate manager to receive the assets from Sterne Agee; and,

WHEREAS, the Board has reviewed a summary of all responses and has received the decision made by the Committee;

NOW THEREFORE BE IT RESOLVED, the Board ratifies the decision made by the Committee, that it is in the best interests of the Trust Fund to engage Western Asset Management to manage additional assets transitioned from Sterne Agee.

BE IT FURTHER RESOLVED, that pursuant to Section 5(c) of Amendment 450 of the Alabama Constitution, the Board will use the facilities of the State Treasurer to open a liquidation account with the Trust Fund's custodian, Bank of New York Mellon, to allow Western Asset Management to sell approximately \$109 million in securities before transferring the resulting proceeds from the sale of assets and approximately \$41 million in securities in kind to Western Asset Management's account with the Trust Fund's custodian.